



March 25, 2010

Tom Piper, Director
Certificate of Need Program
P.O. Box 570
Jefferson City, MO 65102

**4. #4027 NM: Lake St. Louis Skilled
Nursing Associates
Lake St. Louis (St. Charles County)
\$9,535,800, Fifth extension on CON
to establish 120-bed SNF**

**5. #4144 NM: St. Charles, LLC
Lake St. Louis (St. Charles County)
\$10,036,200, Fourth extension on CON
to establish 120-bed SNF**

RE: Lake St. Louis Skilled Nursing Associates, Project #4027 NM
St. Charles, LLC, Project #4144 NM

Dear Tom:

This letter is to request six-month extensions of the Certificates of Need for Lake St. Louis Skilled Nursing Associates (#4027 NM), a 120-bed SNF and St. Charles, LLC (#4144 NM), a 120-bed SNF, in order to incur a capital expenditure for each of these projects.

On June 2, 2008 the Missouri Health Facilities Review Committee approved a site change of the Lake St. Louis Skilled Nursing Associates project and merger of that project with the St. Charles, LLC project. On November 16, 2009 the applicant and several other representatives of the project appeared before the Committee and presented evidence of its progress towards securing the necessary approvals and financing for the projects. Subsequent to that meeting the following has occurred:

- On November 17, 2009 representatives of the project along with Jim Roth of Cole and Associates, the civil engineers retained for site plan development and planning and zoning review, met with Steve Schertel, Director of Community Development for the City of Lake St. Louis to review the previously submitted site plan and discuss requirements to complete the zoning process.
- Subsequently Cole and Associates began finalization of plans for submission to the city's Planning and Zoning Commission for a January 2010 review and initial approval.
- Based on the recommendation of the Committee, during this time I was in contact with you regarding the possibility of filing a new CON application for a single 240-bed SNF to replace the two existing 120-bed approvals and eliminate problems associated with two separate approvals. You encouraged this approach and expressed a belief that that was the Committee's preference.
- In late December Cole and Associates determined that there was a site issue associated with a pipeline that crossed a portion of the property, which the applicant had not previously been aware. The pipeline also required a 50-foot building setback. The combined easement and setback effectively eliminated a

substantial portion of the site from use for the project and necessitated a complete site plan redesign which in-turn made it impossible to proceed with the zoning review as scheduled.

- The project architect immediately began to develop alternate site and facility plans consistent with the newly identified site constraints.
- On January 8, 2010 an LOI was filed for a 240-bed SNF specifically to replace the two current CONs. This was only a few weeks after the identification of the pipeline problem and it was expected that sufficient progress on a new facility design could be completed in time to allow for development of project costs and submission of a CON application for the MHFRC hearing in May.
- When the preliminary redesign of the facility was completed in February it was clear that the recently identified site constraints limited design options necessitating a two-story structure and resulting in a number of functional and operational issues as well as significantly increasing construction costs. It was determined that a new CON application could not be submitted until those issues and costs were addressed.
- Since February the project architect has been evaluating alternative design options including reducing the bed complement to allow for a more efficient facility design. The applicant has also been in contact with Southern Star Gas Pipeline Company concerning the possibility of rerouting the pipeline.
- For the last several weeks including over the past few days the applicant has also been in discussions with the owner of the approved site about the possibility of acquiring a site immediately to the north of Hawk Ridge Trail and is working with a construction company to estimate costs. Potential site development costs, which would be substantially greater than the current site, as well as the parcel's size, have made it imperative to fully address design and project cost issues before developing a proposal to present to the Committee.

The applicant has made every effort to proceed with the project as presented to the Committee in November and still would prefer to do so. However, the applicant is also attempting to find an alternative design and/or site that would be financially viable and acceptable to the Committee.

Although the two projects have had previous extensions, it was only in late December that the applicant has been aware of the pipeline issue. The applicant will have these issues resolved within the next few months. Therefore extensions for both projects are being requested at this time.

If any additional information is needed please let me know. Thank you for your assistance in this matter.

Sincerely,



Craig W. Elmore